



State Senator

December 18, 2003

**VALDE GARCIA**

*Serving the 22<sup>nd</sup> District*

*Shiawassee-Livingston-southern Ingham counties*

## Legislative Update

### **BREAKING NEWS FROM**

### **SENATOR GARCIA'S OFFICE**

### ***A Legislative Bulletin for Residents of the 22<sup>nd</sup> District***

Last night, the Legislature reached an agreement that will settle the state's budget deficit of \$920 million. After much deliberation, a compromise was reached that will:

- Temporarily pause the Income Tax rollback for **no more than** 6 months;
- Take \$12 million in administrative cuts for state government. (This is an additional cut that was not discussed in the Governor's Executive Order);
- Provide a 50-percent cut in taxes paid by businesses for healthcare benefits under the Single Business Tax (SBT) by 2007.
- Funding for K-12 education and revenue sharing has been saved. Cuts were reduced from the Governor's initial plan thanks to changes in how the revenue from the Income Tax freeze will be divided. Nearly \$77 million raised by pausing the rollback will be split among schools, universities and local governments.
  - Rather than losing \$196 per pupil, schools will only have to face a reduction of less than \$100 per student.
  - Revenue sharing will be cut by 5-percent.
  - If university tuition does not increase, higher education will see less than a two percent drop in funding.
- The Agricultural Experiment Station and Cooperative Extension's funding will not be reduced.